

AMENDED IN ASSEMBLY JANUARY 15, 1998

AMENDED IN ASSEMBLY JANUARY 7, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 1203

Introduced by Assembly Member Kuykendall

February 28, 1997

An act to amend Section 10234 of the Business and Professions Code, relating to real estate.

LEGISLATIVE COUNSEL'S DIGEST

AB 1203, as amended, Kuykendall. Real estate.

The Real Estate Law requires every real estate licensee who negotiates a loan secured by a trust deed on real property to cause that trust deed to be recorded, naming as beneficiary the lender or the lender's nominee, prior to the time that funds are disbursed on the loan, as specified. Existing law also requires a real estate licensee who sells, exchanges, or negotiates the sale or exchange of a real property sales contract or a promissory note secured by a trust deed on real property to cause a proper assignment of the contract or trust deed to be executed and recorded, naming as assignee the purchaser or the purchaser's nominee, as specified.

This bill would provide that these requirements do not apply if the lenders or purchasers are certain governmental or financial institutions or other specified persons or entities, provided the loan ~~proceeds are intended to be primarily used~~

~~for agricultural, business, or commercial purposes is secured by or intended to be secured by commercial property.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 10234 of the Business and
2 Professions Code is amended to read:

3 10234. Every real estate licensee who negotiates a
4 loan secured by a trust deed on real property shall cause
5 such trust deed to be recorded, naming as beneficiary the
6 lender or his or her nominee (who shall not be the
7 licensee or the licensee's nominee), with the county
8 recorder of the county in which the real property is
9 located prior to the time that any funds are disbursed,
10 except when the lender has given written authorization
11 for prior release.

12 If funds are released on the lender's written
13 authorization, the trust deed shall be recorded, or
14 delivered to the lender or beneficiary with a written
15 recommendation that it be recorded forthwith, within 10
16 days following release.

17 Every real estate licensee who sells, exchanges, or
18 negotiates the sale or exchange of a real property sales
19 contract or a promissory note secured by a trust deed on
20 real property shall cause a proper assignment of such real
21 property sales contract or trust deed to be executed and
22 shall cause such assignment to be recorded, naming as
23 assignee the purchaser or his or her nominee (who shall
24 not be the licensee or the licensee's nominee), with the
25 county recorder of the county in which the real property
26 is located within 10 working days after the licensee or
27 seller receives any funds from the buyer or after close of
28 escrow; or shall deliver such real property sales contract
29 or trust deed to the purchaser with a written
30 recommendation that the assignment thereof be
31 recorded forthwith.

32 This section does not apply if (a) the lender or
33 purchaser is any person or entity set forth in paragraph

1 (1) of subdivision (c) of Section 10232, and (b) the loan
2 ~~proceeds are intended to be primarily used for~~
3 ~~agricultural, business, or commercial purposes.~~ *is secured*
4 *by or intended to be secured by commercial property.*

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